

AT AN EXTENDED MEETING OF THE CULPEPER COUNTY BOARD OF SUPERVISORS HELD IN THE BOARD ROOM, LOCATED AT 302 N. MAIN STREET, HELD ON TUESDAY, APRIL 29, 2003.

**Board Members Present:**

***John F. Coates, Chairman***  
***Steven L. Walker, Vice-Chairman***  
William C. Chase, Jr.  
Sue D. Hansohn  
James C. Lee  
Brad C. Rosenberger  
Carolyn S. Smith

**Staff Present:**

Frank T. Bossio, County Administrator  
J. David Maddox, County Attorney  
Valerie H. Lamb, Finance Director  
Peggy S. Crane, Deputy Clerk

**CALL TO ORDER**

Mr. Coates, Chairman, called the meeting to order at 10:00 a.m.

**RE: AGENDA – ADDITIONS AND/OR DELETIONS**

Mr. Walker moved, seconded by Mr. Lee, to approve the agenda as published.

Mr. Coates called for voice vote.

Ayes – Chase, Coates, Hansohn, Lee, Rosenberger, Smith, Walker

Motion carried 7 to 0.

**RE: ADOPTION OF FY 2004 COUNTY BUDGET**

Mr. Bossio reported that two issues were raised during the public hearing and he would like to address them in an effort to clear the record. One, a citizen pointed out there was a \$9,000 error in the budget that was printed in the newspaper. He stated for record purposes that a photocopy of the budget was brought to staff to be proofed from the local newspaper, and a correction was made, but somehow the newspaper printed the wrong copy of the budget. Subsequently, a correct copy of the budget was printed the next day. Second, the correct amount for the Animal Shelter was \$24.68 per day and not \$24.68 per animal per day as stated in the presentation. Mr. Bossio stated that the budget was advertised at \$.92 cents for public hearing purposes. But, prior to the public hearing all inputs that were heard from the Supervisors, the public, and the School Board were considered and combined into a meaningful package to represent some compromise for the \$.92 cents budget. He said that the tax rate would drive the budget.

Mr. Bossio made a power point presentation detailing the two (2) scenarios. Option 1 was at \$.85 cents tax rate. He stated that this scenario included a 23% health insurance increase;

level funding for outside agencies; library position not upgraded; included two (2) new E911 positions for one quarter (reduced from six (6) requested positions); interest only on the EOC debt; interest only on Culpeper Community Complex, and salary increases for a total increase of \$494,740. He explained that the reductions: the Capital Improvement Plan (CIP) was reduced by \$200,000 by the staff, and cost reductions of \$115,353 for a net reduction of \$179,387. At the suggestion of Board member, Mr. Rosenberger, staff looked at the General Fund and tried to make predictions where the General Fund would be in a year if a portion of those funds were wisely spent to avoid a tax increase. Staff looked at Piedmont Tech, Airport CIP, Old Debt, and \$1million for Germanna, and all the revenue sharing, which were one time costs, for a total of \$2,060,304 from the Fund balance.

Mr. Bossio reviewed the Investment Strategy with the Board and stated there was a need for a long-term solution for new schools, EOC and the radio system. Staff also looked at a way to take the added \$.21 cents of debt that was forthcoming and try to reduce it by some measure with a program plan and to put a \$1million investment away starting this current year for four (4) years. He said in order to get the program plan started, he planned to draw \$1,060,304 from the CIP, set aside \$2,000,000 for initial future funding, and draw the \$1million designated for Germanna that totaled to \$4,060,304. By doing this, it created a need to establish a tax rate to sustain these programs until FY 09 when another tax increase would take place.

Mr. Bossio stated that the initial request from the Schools was \$5,381,687. Staff took the initial request, adjusted the revenue projections, the school bus leases, and adjusted for lower health insurance costs, for a total revenue adjustment of \$1,074,801, which equated to an adjusted request of \$4,306,886. This translated into \$2,754,430.92 of local dollars for operations. He stated that Schools would be funded at \$2,754,431 plus the \$465,000 gift to the School's CIP, and \$1million set aside for future new schools.

Mr. Bossio presented scenario two at \$0.83 tax rate and stated that the only difference was that the School would be funded at \$2,270,695, plus \$465,000 gift to the School's CIP and \$1million set aside for future schools.

Mr. Coates called for comments from the Board.

Mr. Walker asked if the request from the Culpeper Regional Hospital was included in either of the two options. Mr. Bossio replied that it was not included in either scenario. Mr. Lee asked Mr. Bossio to confirm that all outside agencies were frozen at their current level of funding. Mr. Bossio confirmed that was correct.

Mr. Rosenberger stated there had been a lot of discussion about the 33% average

increase in assessed value of homes, but there had not been any discussion in the increase of the value of property, which was 70%+ increase across the board. He felt that needed to be considered when setting the tax rate. Mr. Bossio responded that 71% was included in his power point presentation during the public hearing for the increase in land use. He mentioned during the presentation that land use is one of the few tools available to the County to help control growth.

Mr. Chase asked what was the proposed salary increase for the School employees. Dr. Cox responded a 6.7% increase was proposed for teachers' salaries based on increasing the beginning teachers' salary from \$30,000 to \$32,000.

Mr. Bossio stated that option 1 detailed \$2.7 million for operations, \$416,000 for CIP and \$1million set aside for future schools. Mr. Chase said he would like to know the School's total budget plus additional funding. Mrs. Lamb reported that the total School Board request was for \$49,954,096, and with the \$.85 cents tax rate, it would reduce the grand total budget to \$47,134,502, which was a 4.9% difference; and with the \$.83 cents tax rate it would be \$46,657,766 for a 6% difference.

Mrs. Hansohn said she was aware that the School system would be receiving new federal and State monies in the amount of \$2.9 million. She asked Dr. Cox if any of those funds would be used for salaries. Dr. Cox responded that the federal dollars received would go for the salaries of the federal funded programs, such as Title I, Title VI-B and Special Education. He said that any dollars received from the Federal government were earmarked for federal programs. Mrs. Hansohn asked if the \$1.9 million from the State would be used for salaries. Dr. Cox responded that the School System gained 241 additional students and these were additional funds received because of the additional growth in the School system. Some of that money would be used for salaries.

Mrs. Smith asked what was the School Board's budget request last year. Mrs. Lamb responded that it was \$41,074,905. Mrs. Smith noted that the Board was looking at a difference of \$5 million from last year. Mrs. Lamb informed the Board that \$2 million was additional funding from the State. Mrs. Smith said that the taxpayers were the source of income for the federal and state and it was still coming from the same funding source.

Mr. Chase asked why a \$1 million would be taken out of the General Fund. Mr. Bossio responded that the \$1 million would be collected over a four-year period because it was factual that new schools and infrastructure must be built. It was being considered to take \$2 million out of the General Fund to reduce the General Fund and to reduce the liability on tax for those CIP projects, which were a one-time funding. It would leave approximately \$13 million of

undesignated funds in the General Fund. Mr. Chase said he did not like to draw the General Fund down. Mr. Bossio said those monies would be invested for the four year period to lower the debt over the long term.

Mr. Coates asked if both scenarios would keep the proposed EOC and Community Complex on line. Mr. Bossio replied that it would. Mr. Coates said he had received numerous calls from seniors expressing concern that they would have difficulty meeting their obligations with the increased reassessment. He said that a lot of seniors were caught in the middle because they have too much financial worth to receive assistance. He felt the Board should do something to help the seniors.

Mrs. Hansohn stated she had also received calls from seniors regarding the proposed tax increase and some had suggested taxing the new people moving into the County, but the law did not allow a special tax. She suggested revisiting the Tax Relief for the Elderly Program and take it to the limit allowed by law.

Mrs. Hansohn stated that it was not easy to cut taxes with new growth and new children coming in to be educated. The County must meet its obligations and the County could not keep cutting taxes and meet its obligations. She said she did not like to raise taxes, and she was not going to base her decision on whether or not she would get elected. That was not an issue with her; it was doing the right thing.

Mrs. Smith said there were other ways to fix the dilemma besides raising taxes. She said the Board, as a political body, needed to have the courage to stand up and revise the Comprehensive Plan and rezone some areas that had been zoned for a number of years as residential. She said the growth that the County was experiencing now was what the Board approved 20-30 years ago. She said the Board had the ability to stop the growth if the Board so desired. Mr. Chase said he disagreed because the County had no control over the Town and that was where a large amount of the immediate growth was taking place.

Mr. Rosenberger said this was a serious matter and the citizens of the County were taking it very seriously, and they were depending upon the Board to lower the tax rate. He said there needed to be a point of clarification on the Community Complex. He said during the public hearing several people noted that the bond referendum passed and asked what the County was doing with all the money. He said for the public's benefit that the passing of the bond referendum gave the Board the ability to incur that debt and the Board had not incurred that debt at this point in time.

Mr. Lee moved, seconded by Mrs. Hansohn, to adopt a budget that reflected the \$.83

cents tax rate for a total estimate of revenues in the amount of \$85,871,815 million, and to put \$1 million into reserves for future schools.

There was some discussion among the Board members regarding the \$1 million designated for reserves for future schools. Mr. Walker spoke at length regarding the issue. He stated that making a decision for the future was very difficult because no one could predict the future, but the Board needed to be in a position to lead the community into the future. He suggested that the Board start putting money away and hopefully the low interest would remain in place as the County started to borrow money for high dollar projects. He also felt it would be advantageous for the Board to support the local hospital in its construction of the Wellness Center because the elderly would be utilizing the facility.

Mr. Walker offered an amendment to Mr. Lee's motion to increase the net combined financial worth for the elderly and handicapped to \$100,000. Mr. Rosenberger noted that could not be done without advertising the proposed increase and a public hearing conducted. Mr. Maddox suggested that matter be deferred until a later time.

There was much deliberation among the Board members regarding the two scenarios presented by Mr. Bossio.

Mr. Coates called for voice vote and show of hands.

Ayes – Lee, Coates, Hansohn

Nays – Smith, Rosenberger, Walker, Chase

Motion failed 4 to 3.

Mr. Rosenberger suggested reducing the \$1 million for future schools to \$500,000 to lower the rate to \$.81 cents.

Mr. Rosenberger moved, seconded by Mrs. Hansohn for discussion purposes, to set the tax rate at \$.81 cents.

There was some discussion to reduce the proposed \$1 million being considered for future schools to \$500,000, which would lower the tax rate to \$.81 cents. Mr. Bossio stated the tax rate would increase \$.12 cents in FY '09.

Mr. Coates said he would not support the motion because he felt the Board needed to look to the future. He said that staff had worked very hard to come up with the two scenarios presented today and he thanked staff for their hard work.

Mr. Walker stated that he would not support the motion either, and he also felt the Board needed to look to the future. He said that a lot of comments had been made about the educational system and the future was in the educational system. He felt there was a need to

strengthen the educational support and that the \$.85 cents tax rate indicated a much stronger dedication to education and to continue to plan for the future with the monies set aside for savings.

Mrs. Smith stated that the Economic Development Director had indicated that education and the ratings of the school system were extremely important in attracting new businesses. But, education, as well as public safety and community services, was necessary and that was what had made the budget process so difficult. She said if the County only had to support the schools, it would not be so difficult, but trying to fund all the necessary services made the budget process very difficult.

Mrs. Hanson called for question.

Mr. Coates called for voice vote on Mr. Rosenberger's motion to set the tax rate at \$.81 cents and that \$500,000 be set aside instead of \$1 million for new schools.

Mr. Rosenberger pointed out that should his motion pass at \$.81 cents, it would not affect the amount of funding to the School System.

Ayes – Rosenberger, Hansohn, Chase

Nays – Smith, Coates, Lee, Walker

Motion failed 4 to 3.

The Deputy Clerk originally recorded that the motion failed 5 to 2, but was corrected to show that Mr. Chase voted in favor of Mr. Rosenberger's motion. Motion was corrected to indicate it failed 4 to 3.

Mr. Lee moved, seconded by Mr. Walker, to set the tax rate at \$.83 cents.

There was some debate regarding Mr. Lee's motion to set the tax rate at \$.83 cents.

Mr. Bossio explained that the investment plan was predicated on the \$1 million for four years to reduce the debt. At the end of the four years, that money built into the budget would then be programmed into new operational dollars, which would be about the time the new school would come on line. The \$1 million was already included in the \$.83 cents tax rate and it would grow into the debt service for opening of the new school to hopefully offset some operational debt.

Mrs. Smith called for question.

Mr. Coates called for voice vote and show of hands.

Ayes – Coates, Lee, Walker

Nays – Chase, Smith, Rosenberger, Hansohn

Motion failed 4 to 3.

Mr. Chase moved, seconded by Mrs. Smith, to set the tax rate at \$.79 cents and not to set

aside any savings this year and to start the savings program next year.

There was some comments regarding the savings plan and that the \$.79 cents would not affect the school system.

Mrs. Hansohn called for question.

Mr. Coates called for voice vote and show of hands.

Ayes – Chase, Smith, Rosenberger

Nays – Hansohn, Lee, Coates, Walker

Motion failed 4 to 3.

Mrs. Hansohn moved to set the tax rate at \$.81 cents and set aside \$2 million for the investment plan at \$500,000 per year for four (4) years.

Mrs. Smith called for point of order. She noted that Mrs. Hansohn could not make the motion because she did not vote on the prevailing side.

Mr. Maddox said before bringing back a motion that had previously been on the floor and defeated, it must be by someone who voted on the prevailing side to bring the motion back a second time. He said it must someone who was in favor of the motion that failed.

Mrs. Smith moved to set the tax rate at \$.81 cents, keeping the school budget at the same funding level, and to set aside \$500,000 for future investment. Seconded by Mrs. Hansohn.

Mr. Coates called for voice vote and show of hands.

Ayes – Rosenberger, Hansohn, Smith, Chase

Nays – Coates, Lee, Walker

Motion carried 4 to 3.

**RE: TAX RATES FOR CALENDAR YEAR 2003**

Mr. Bossio stated that the following tax rates had been advertised for the Board's consideration:

<u>Personal Property *</u>	<u>Aircraft</u>	<u>Machinery &amp; Tools</u>
\$2.50	\$2.50	\$2.00
* Includes vehicles; trailers and business equipment		
<u>E-9-1-1</u>	<u>Motor Vehicles Licenses</u>	<u>Dog Tags</u>
\$3.00	Autos \$25.00	\$ 5.00 – neutered
	Motorcycles \$15.00	\$10.00 – non-neutered

Mrs. Hansohn moved, seconded by Mrs. Smith, to approve the tax rates as stated for calendar year 2003.

Mr. Coates called for voice vote.

Ayes – Chase, Coates, Hansohn, Lee, Rosenberger, Smith, Walker

Motion carried 7 to 0.

**ADJOURNMENT**

Mrs. Smith moved to adjourn at 11:20 a.m. Seconded by Mrs. Hansohn.

Mr. Coates called for voice vote.

Ayes – Chase, Coates, Hansohn, Lee, Rosenberger, Smith, Walker

Motion carried 7 to 0.

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Peggy S. Crane, CMC  
Deputy Clerk

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John F. Coates, Chairman

ATTEST:

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Frank T. Bossio  
Clerk to the Board

APPROVED: June 3, 2003